

Date: April 30, 2018

To: NMC Agents & Agent Support Clientele

Platform: Omaha, North, Memphis, Nashville, Bypass Etc.

**Notification Type: Underwriting Policy Change** 

Regarding: Beneficial Ownership Rule Compliance Requirements

#### Overview:

The U.S. Financial Crimes Enforcement Network (FinCEN) published its *Customer Due Diligence Requirements for Financial Institutions*, which includes an important new requirement to identify and verify the identity of beneficial owners of legal entity customers (a.k.a. the "Beneficial Owner Final Rule"). Every financial institution is required by law and regulation to comply with the new requirement.

First Data partners with National Merchant Center, a financial institution, which provides sponsorship into the payments system. Staring **May 11**<sup>th</sup> **2018**, all financial institutions will be required to enhance technology and update policies and procedures in order to comply with the new Beneficial Owner requirement.

#### Requirement:

National Merchant Center, a First Data Wholesale ISO Client, will enforce risk-based policies, procedures and controls to comply with the Beneficial Ownership Rule standards by **May 11th, 2018**, the effective date of the rule.

### The Beneficial Owner Rule requires:

- 1. <u>Ownership:</u> The collection and identity verification of all individuals who directly or indirectly own 25% or greater equity interest in the merchant business, (legal entity) establishing the merchant processing account. The required information must be collected and verified at the time of account opening.
- 2. <u>Control:</u> The collection and identity verification of a single individual with significant responsibility to control, manage, or direct the merchant business (legal entity). For example, an executive officer or senior manager.
- 3. <u>Collection and Verification:</u> The collection and verification of the following information for controlling individuals and beneficial owners.
  - Legal Name
  - Date of Birth
  - Address (Residential or Business Street Address)
  - Social Security Number (SSN) [For non-U.S. persons without an SSN, their Foreign Passport Number and Country of Issuance or similar identification]
  - Percent of Ownership

# **Action Needed:**

National Merchant Center, as a Wholesale ISO that is maintaining a payment processing relationship with First Data, is required to establish the following for all new merchant accounts boarded on and after **May 11, 2018**:

- 1. Updated MPA and other documents, as necessary.
- 2. Communicate and train NMC sales force and other appropriate personnel on the requirements of the rules and process changes.
- 3. Develop policies, procedures and controls for the collection and verification of controlling individuals and beneficial owners, that include:
  - Processes for collecting required information for controlling individuals and beneficial owners.
  - Method(s) of documentary/non-documentary verification used to conduct verification.
  - Controls to prevent establishing accounts in situations where verification of controlling individuals and beneficial owners could not be conducted.

- 4. Subject the legal entity, the controlling individual and the beneficial owners to OFAC and MATCH screening.
- 5. Maintain all documentation associated to the opening of the new account, including evidence of verification for 5 years post account closing.

## **Oversight:**

As part of National Merchant Center's Policies and Procedures, your compliance with the above requirements may be monitored to evidence compliance with the beneficial ownership rule, including a review of policies, procedures and account documentation by a National Merchant Center Risk and Underwriting Department team member.

Should you have any questions regarding this communication, contact National Merchant Center at 1-800-662-8448 and selection option 3, Agent/Partner support, and a representative will be with you shortly; if you call us during normal business hours of operation. After hour support is only available for merchants.

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